

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2013

Legislative Actuarial Note

RETIREMENT

BILL NUMBER: House Bill 12 (First Edition)

SHORT TITLE: Increase Retirement Age for Judges.

SPONSOR(S): Representative Daughtry

EFFECTIVE DATE: December 1, 2013.

BILL SUMMARY: The bill increases the mandatory retirement age in the Consolidated Judicial Retirement System for judges and justices of the General Court of Justice from age 72 to age 75.

ESTIMATED IMPACT ON STATE: Buck Consultants, the Retirement Systems' actuary, and Hartman & Associates, the General Assembly's actuary, does not expect the mandatory retirement age to have a financial impact on the retirement system.

ASSUMPTIONS AND METHODOLOGY: Consolidated Judicial Retirement System

The cost estimates of the System's Actuary are based on the employee data, actuarial assumptions and actuarial methods used to prepare the December 31, 2011 actuarial valuation of the System. The data included 566 active members with an annual payroll of \$67.8 million, 562 retired members in receipt of annual pensions totaling \$32.3 million and actuarial value of assets equal to \$460.6 million. Significant actuarial assumptions used include (a) an investment return rate of 7.25% which includes inflation of 3%, (b) salary increase rate between 5% and 5.95% which includes inflation of 3.5%, (c) RP-2000 Mortality tables for retirees are set forward one year, (d) RP-2000 Mortality tables for disabled retirees are set back six years for males and set forward one year for females, (e) RP-2000 Mortality tables for active employees are set back one year, (f) rates of separation from active service based on System experience. The actuarial cost method used to determine the liabilities is the projected unit credit with an amortization period of nine years. Projected benefits and the corresponding liabilities are allocated based on proration by creditable service. Detailed information concerning these assumptions and methods are shown in the actuary's report, which is available upon request from Stanley Moore.

SOURCES OF DATA: Buck Consultants
Hartman & Associates, LLC

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910. The above information is provided in accordance with North Carolina General Statute 120-114 and applicable rules of the North Carolina Senate and House of Representatives.

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APPROVED BY:

Mark Trogdon, Director
Fiscal Research Division

DATE: February 12, 2013



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